

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-425

March 26, 2003

DIXFIELD WATER DEPARTMENT
Proposed Rate Change Pursuant to
35-A M.R.S.A. Section 6104

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT and DIAMOND

I. SUMMARY

We allow the rate increase for Dixfield Water Department (Dixfield or Department) as stipulated in the Stipulation Agreement dated March 20, 2003 between the Office of the Public Advocate, Petitioners Sonya Fuller and Brenda Turbide, and Dixfield to take effect April 1, 2003. We also note that Dixfield has agreed to terms that do not affect the rate filed, and we approve those terms as well.

II. PROCEDURAL HISTORY

On September 23, 2002, Dixfield submitted information concerning its proposed rate increase. On August 22, 2002, Dixfield held a rate case public hearing as required by 35-A M.R.S.A. § 6104. On November 18, 2003, Sonya Fuller, Brenda Turbide and 121 other ratepayers submitted a petition to the Commission, requesting that the Commission suspend and investigate the Water Department's proposed rates. Specifically, the petition asked the Commission to investigate the following issues:

1. Whether the proposed 26.5% increase in the Water Department's revenues is reasonable;
2. Whether the Dixfield Water Department has taken steps necessary to trim its operation and maintenance costs;
3. Whether the Water Department used Water Department funds to pave portions of a road that had not been dug up and repaved for the purposes of replacing a water main; and
4. Whether the Water Department, with due speed, is taking the steps necessary to reduce the level of lead in its water distribution system.

On September 25, 2002, the Commission issued Suspension Order #1, suspending the effective date of the rates.

On January 14, 2003, the PUC Advisory Staff and the parties held a technical conference at the Dixfield Town Office, at which representatives of the Department responded to questions about its rate filing and its service. Additional

telephone conference calls were held to discuss the issues raised in the case. After these discussions, the Water Department suggested that the Public Advocate and the PUC Staff take on the responsibility for amending the Water Department rate filing and make changes based either on the information now available or any additional information that might be gathered from independent sources. The Advisory Staff and the Public Advocate's office met several times to develop the revenue requirements included in the stipulation.

On March 21, 2003, the parties filed a Stipulation Agreement setting forth the revenue requirements needed to establish rates and other terms regarding the future operation of Dixfield. In the Stipulation Agreement, the parties also waived the right to file exceptions or comment on any Examiner's report.

III. STIPULATION

The parties agree that the Department's revenue requirement will be \$308,245. Exhibits 1 and 2 to the Stipulation are the Operating Statement and Water Utility Expenses that the Advisory Staff and the OPA used to reach this revenue requirement. The Department's revenue requirement, as set forth in this Stipulation Agreement, represents an increase of \$55,280 over the Department's 2001 test year revenues of \$252,965 or a 21.85% increase.

Dixfield and the parties have agreed to several terms that affect operational aspects of the Department. In particular, the Department has agreed to implement certain internal control measures as recommended in its 2001 auditor's report, use the Uniform System of Accounts to keep its annual records and present its next rate filing to the Commission, and maintain separate time records for Department personnel. In addition, the Department agrees to make its next rate filing under 35-A M.R.S.A. §307 instead of 35-A M.R.S.A. § 6104.

IV. ANALYSIS AND RECOMMENDATION

Dixfield's need for an increase in its rates is the result of an increase in operational costs, caused mainly by increases in the Department's labor and other administrative costs. The stipulated rates should allow Dixfield to meet the increased costs and provide adequate service to its ratepayers. The Stipulation addresses the concerns raised by the petitioners as well as those noted by the Advisory Staff and the OPA during the processing of this case. Also, the Stipulation allows the Department to meet its obligations while giving it the opportunity to correct many of the problems created prior to the current management's involvement. By agreeing to file its next rate change under section 307, the Department is giving all parties an opportunity to investigate the proposed rates, as well as the supporting documentation used to generate those rates.

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to legislative mandate. See e.g., *Consumers Maine Water Company, Proposed General*

Rate Increase of Bucksport and Hartland Divisions, Docket No. 96-739 (July 3, 1997)
at 2. The Public Advocate represents the using and consuming public, in this case the customers of the Dixfield Water District. In addition, the Stipulation is also signed by the lead petitioner of the group of customers who requested that the Commission investigate the rate filing as well as one other petitioner. The process of discovery, the technical conference and the informal conference calls allowed an opportunity for all interested persons to gather information about the reasons for the increase.

We believe that the process was fair; all interested parties had an opportunity to participate. We find that the proposed Stipulation resolves this case consistent with the law and the public interest. The Stipulation as filed results in rates that are just and reasonable and in the best interest of ratepayers. It also reduces the risk of increased costs if the case were fully litigated. We further find that the conditions to the Stipulation are reasonable.

V. CONCLUSION

We approve the Stipulation filed by the parties in this case on March 21, 2003, and therefore,

ORDER

1. That the Stipulation filed on March 21, 2003 is approved; and
2. That Rate Schedules Sheets 1 through 4, Third Revision, filed on March 21, 2003, are approved.

Dated at Augusta, Maine, this 26th day of March, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.